RECENT IMPORTANT DECISIONS.

BANKRUPTCY—PENALTIES NOT ALLOWABLE CLAIMS.—The state of New York recovered a judgment for a penalty for the violation of a milk law, against a partnership which was later adjudicated bankrupt. The bankrupts filed a petition asking that the state be stayed from enforcing the said judgment until twelve months after the adjudication or until the question of the discharge be determined. *Held,* the penalty recovered by the state is not a debt that can be proved or allowed as such against the bankrupts' estate, except to the extent of the pecuniary loss sustained by the act out of which the penalty arose, together with costs and interest, and that the state's suit should therefore not be stayed. *In re Abramson,* (C. C. A., 1914) 210 Fed. 878.

Owing to the fact that such a claim is a fixed liability at the time of the filing of the petition there is much ground for argument that it should be a provable claim, but the courts say such a claim may be within the letter of the law but not within the spirit of it. *In re Moore,* 111 Fed. 145. The English courts hold such a claim not provable under their bankruptcy statutes. *Rex* v. *Norris,* 4 Burr. 2142; *Bancroft* v. *Mitchell,* L. R. 2 Q. B. 549; *Ex parte Graves,* 3 Ch. App. 642. The decisions on this point were not in accord under the act of 1867, but when the question reached the supreme court it decided that a penalty was not a provable claim. *United States* v. *Herron,* 20 Wall. 251. Under the act of 1898 the decisions are nearly uniform in holding the claim not provable. *In re Southern Steel Co.,* 183 Fed. 498; *In re Baker,* 96 Fed., 963; *In re McBride,* 99 Fed., 686; *Beers* v. *Hanlin,* 99 Fed., 695. But see *In re Alderson,* 98 Fed., 588, contra.

BANKRUPTCY—TERMINATION OF THE RELATION OF LANDLORD AND TENANT.—A written lease for a term of years was entered into, beginning Feb. 1, 1912. A petition in bankruptcy against the lessee was filed on April 27, 1912, and on that day a receiver was appointed who entered and took charge of the premises. *Held,* the bankruptcy of a tenant does not terminate the contractual relations existing between tenant and landlord, but the tenant remains liable, and the obligation to pay rent is not discharged as to the future unless the trustee elects to retain the lease as an asset. *In re Sherwoods,* (C. C. A. 1913), 210 Fed. 754.

There is a conflict of authority as to whether or not the bankruptcy of a tenant terminates the contractual relations existing between tenant and landlord, but is is safe to say this decision is in accord with the weight of authority. The question arises more frequently where an attempt is made by the landlord to prove his claim for future rent to accrue subsequent to the filing of the petition. *Watson* v. *Merrill,* 136 Fed. 362; *Bray* v. *Cobb,* 100 Fed. 27. The cases holding contra to the principal case say the claim for the rent which would otherwise accrue is not a provable debt as the rent can never accrue at all because by the bankruptcy of the tenant the relation is